

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-001-E - ORDER NO. 1999-324
MAY 10, 1999

IN RE: Annual Review of Base Rates for Fuel Costs) ORDER GRANTING
of Carolina Power & Light Company.) MOTION AND
) APPROVING
) STIPULATION

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This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Joint Motion of Carolina Power & Light Company (“CP&L”) and the South Carolina Department of Consumer Affairs (“Consumer Advocate”) requesting approval of a stipulation concerning the write-off by CP&L of \$6,500,000 of CP&L’s under-recovered fuel costs.

On March 24, 1999, the Commission held a public hearing on the annual review of recovery of the costs of fuel used in the sale of electricity by CP&L to provide service to CP&L’s South Carolina retail electric customers. On April 1, 1999, the Commission issued Order No. 1999-231 in which the Commission approved a fuel factor for CP&L of 1.122 cents per kilowatt-hour for the period April 1999 through March 2000. In approving a fuel factor of 1.122 cents per kilowatt-hour, the Commission continued the previously approved fuel factor for the next year, and the Commission found that continuing the same fuel factor would prevent abrupt changes in charges to CP&L’s customers. The evidence from the hearing and on which the Commission based its decision in Order No. 1999-231 showed that at March 1999, CP&L had a projected

under-recovery of fuel costs of \$12,993,822. The evidence also revealed that estimates anticipate an under-recovery of \$18,057,669 at the end of the next review period in March 2000.

With the above stated background in mind, CP&L, the Consumer Advocate, and the Commission Staff agreed to and signed a stipulation which provides that CP&L should take steps to reduce the amount of under-recovered fuel costs without raising rates.¹ The stipulation is attached to and a part of the Joint Motion of CP&L and the Consumer Advocate. Further, the stipulation provides that CP&L, the Consumer Advocate, and the Commission Staff agree (1) that CP&L will not seek to recover \$6,500,000 of its under-recovered fuel costs; (2) that CP&L will reduce its under-recovered fuel costs by \$6,500,000; and (3) CP&L will not increase its fuel factor in this docket.

Upon consideration of the Joint Motion of CP&L and the Consumer Advocate, the Commission finds that the Joint Motion to write-off \$6,500,000 of CP&L's under-recovered fuel costs should be granted and the stipulation approved. The Commission finds that granting of the Joint Motion and approval of the stipulation is in the public interest as approval of the Joint Motion and the stipulation will serve to reduce the under-recovery of fuel costs incurred by CP&L. The write-off of fuel costs will remove \$6,500,000 from the under-recovered fuel costs which could have been used to justify an increase in the fuel factor.

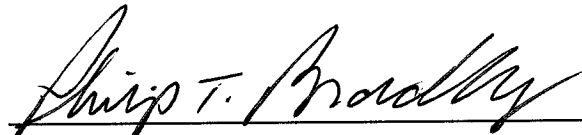
¹ CP&L, the Consumer Advocate, and the Commission Staff were all parties, and were the only parties, in the instant docket, which is the docket established for the annual review of base rates for fuel costs.

IT IS THEREFORE ORDERED THAT:

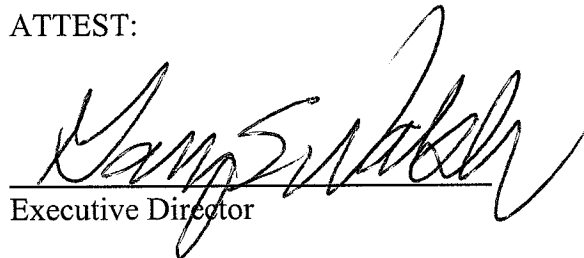
1. The Joint Motion of CP&L and the Consumer Advocate requesting approval of the stipulation between CP&L, the Consumer Advocate, and the Commission Staff regarding the write-off of \$6,500,000 of CP&L's under-recovered fuel costs is granted and the stipulation attached to the Joint Motion is hereby approved.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)